

**FY 2001 – 2006 PERFORMANCE BASED INCENTIVE****SECTION 1  
General Information**

Title: Develop and Implement Strategy to Meet M-43 and Accelerate E-525 Construction of the Tank Farm Infrastructure and Compliance Upgrades

Project Baseline Summary (PBS): TW04 Work Breakdown Structure (WBS): 5.02.02.03.02

Maximum Available Incentive Fee: *Superstretch: Fee Potential = 10-20% BCWS*

*Total Estimated Superstretch BCWS = \$47,576K*

*Until Total BCWS is determined per Section 3, Superstretch BCWS will be allocated to individual Specific Requirements<sup>1</sup>*

Type: Superstretch

<sup>1</sup>BCWS for Specific Requirements 2 is \$3,200K. Fee potential for Specific Requirements 2 is \$352K. (11% of BCWS)

Note: ORP may at its unilateral discretion choose to revise downward the baseline cost estimate for this SSPBI to reflect the results of the FY 2002 baseline improvement process (BIP). No payments upon this SSPBI would be made until the FY 2002 BIP baseline change request (BCR) has been approved by ORP.

**SECTION 2  
Technical Contacts**

*ORP Point of Contact: W. Taylor/T. Hoertkorn/C. Louie*

*Contractor Point of Contact: J. Eacker/J. Van Beek/D. Rewinkel*

**SECTION 3  
Performance Expectations and Earning Schedule****General:**

1. The Contractor's final fee will be determined in accordance with clause H.1, Performance Based Incentives and Fee Distribution.
2. Performance Based Incentives (PI) may be modified to reflect changes to the project baseline resulting from external drivers, such as, submission and approval of TPA change requests for consistency purposes.
3. Acceptable product completion represents technical adequacy and good value to the government.

**Specific Requirements:**

1. CHG will submit a contractor-prepared and ORP approved overall Strategy Plan that details a comprehensive and integrated approach for managing the major activities required to meet regulatory commitments for the Double-Shell Tank Farm systems, structures, and components, in accordance with Tri-Party Agreement Milestone M-43 by July 31, 2002. The strategy for M-43 compliance will be integrated with those for TPA Milestones M-48 (formally Administrative Orders 1250/1251) and M-23.
2. CHG will submit the E-525 Initial Design Report (IDR) to the ORP by June 30, 2003 (earn 100% of fee). Upon approval of this PBI, CHG is authorized to begin work on the IDR for this expense-funded activity.

Execution of the upgrade activities, as defined in the E-525 IDR, will be incentivized in this Performance Based Incentive (including the BCWS and fee) and will be based on the Total Estimate at Completion (TEC) documented in the IDR. The BCWS and fee for the scope identified in the IDR will be negotiated by July 30, 2003.

**SECTION 4**  
**Performance Requirements**

**DEFINE COMPLETION:** *(Specify Performance Elements and describe indicators of success (quality/progress). Include baseline documentation/data against which completion documentation should be compared.)*

1. The Strategy Plan will describe the rationale for determining whether a Tank Farm system, structure, or component (SSC) needs to be upgraded, isolated, or exempted by regulatory waiver and will identify which Tank Farm SSCs are being upgraded, isolated, or exempted.
2. The E-525 Initial Design Report will combine the activities normally associated with Conceptual Design and Preliminary Design into a single accelerated design activity. The IDR will provide the information needed to support Definitive Design of the upgrades identified by E-525 and derived from DOE Order 413.3 for the following design packages: AZ-151 catch tank replacement; SY Farm transfer lines; Clean Out Box modifications; 204-AR vault transfer line; and Plutonium Finishing Plant (PFP) transfer lines.

**DEFINITIONS:** *(define terms)*

N/A

**COMPLETION DOCUMENTS LIST:** *(Name the Documents, Databases, etc., which will be submitted to show completion for each Performance Expectation.)*

1. Letter documenting submittal of a contractor-prepared and ORP approved overall Strategy Plan.
2. Letter documenting submittal of the E-525 IDR.

**ASSUMPTIONS/TECHNICAL BOUNDARY CONDITIONS:** *(For reasonably foreseeable impacts to performance that are not within control of Contractor. If the assumption or condition proves false, the remedy is renegotiations unless stated otherwise.)*

Specific Requirements 1:

On contractor-prepared and ORP approved review cycles, ORP will have 10 working days to review, and submit comments. The Contractor will have 5 working days to disposition ORP comments. ORP will have 5 working days for approval of the document. Any delay in the ORP approval will extend the due date on a day for day basis.

Specific Requirements 2:

Authorization to proceed with design of the 5 identified packages is received from ORP by June 10, 2002. Any delay in receiving authorization to proceed will extend the due date on a day for day basis.

**SECTION 5**  
**Signatures**

\_\_\_\_\_  
ORP Manager/Date

\_\_\_\_\_  
CHG President and General Manager/Date

\_\_\_\_\_  
ORP Contracting Officer/Date

\_\_\_\_\_  
CHG Contract Representative/Date